

The Balance Sheet of KINDLY Ltd at 31 December 2013 contains the following items:

Fixed Assets	£
Tangible assets	327,080
Intangible assets	340,000
Current Assets	
Stock	219,300
Long-term Creditors	
Loan repayable on 31 December 2020	(144,500)

Tangible assets

Included in the tangible assets are the following items:

Buildings that were purchased in 1994 at a cost of £229,500.
Under FRS 15 the buildings were depreciated over a period of 50 years

At 1-1-2014 the buildings are considered to have a fair value of £408,000 and a remaining life of 40 years.

Land that was purchased in 1994 at a cost of £161,500. It is considered to have a fair value of £714,000 at 1-1-2014

Computer equipment relating to the installation of a new computer system in January 2012. The total amount capitalised at that point was as follows:

	£
Hardware	
- Cost of supply	120,000
- Installation costs	7,500
Software	
- Purchase of application software	25,500
- Internal development costs of bespoke software and website development	51,000

The full amount was being depreciated over a five year period.

Intangible assets

Intangible assets represent goodwill of £340,000 which arose on the acquisition of an unincorporated business in 2001. This goodwill was considered under FRS 10 to have an indefinite useful life and was therefore not amortised. At 31-12-2013 KINDLY is not able to establish a useful life for the goodwill.

Stocks

The stock is considered to have a fair value of £163,000 at 1-1-2014.

Additional relevant information

KINDLY Ltd intends to raise additional borrowings in the near future, and therefore wishes to manage the transition to FRS 102 in such a way as to maximise its balance sheet net asset value.

The company's policy is to charge a full year's depreciation in the year of acquisition of tangible fixed assets

KINDLY Ltd's reported profits for the year ended 31-12-2004 were £292,400.

REQUIREMENTS

Prepare the reconciliations required by FRS 102 to be disclosed in KINDLY Ltd's financial statements for the year ended 31-12-2015 in respect of the restatement of equity (1-1-2014) and profit or loss.

KINDLY Ltd has decided to prepare the reconciliations of the restatement of equity showing the effects of the restatement on an item by item basis.

- Set out any alternative interpretations which could have been made.

-